

R30B31
University of Maryland Baltimore County
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$90,665	\$87,897	\$96,962	\$9,065	10.3%
Contingent & Back of Bill Reductions	0	0	-101	-101	
Adjusted General Fund	\$90,665	\$87,897	\$96,861	\$8,964	10.2%
Special Funds	4,904	8,799	6,847	-1,951	-22.2%
Adjusted Special Fund	\$4,904	\$8,799	\$6,847	-\$1,951	-22.2%
Other Unrestricted Funds	171,726	186,746	191,298	4,552	2.4%
Adjusted Other Unrestricted Fund	\$171,726	\$186,746	\$191,298	\$4,552	2.4%
Total Unrestricted Funds	267,295	283,442	295,108	11,665	4.1%
Contingent & Back of Bill Reductions	0	0	-101	-101	
Adjusted Total Unrestricted Funds	\$267,295	\$283,442	\$295,007	\$11,564	4.1%
Restricted Funds	79,888	86,861	87,271	410	0.5%
Adjusted Restricted Fund	\$79,888	\$86,861	\$87,271	\$410	0.5%
Adjusted Grand Total	\$347,183	\$370,303	\$382,277	\$11,974	3.2%

- General funds increase \$9.0 million, or 10.2%, in fiscal 2014 after adjusting for the \$0.1 million across-the-board reduction. However, when accounting for \$4.6 million in Budget Restoration Funds created during the First Special Session 2012, the general fund increases 4.7%, or \$4.3 million.
- The Higher Education Investment Fund increases 64.9%, or \$2.7 million. The overall growth in State funds is 7.3%, or \$7.0 million, above fiscal 2013.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>
Regular Positions	1,907.02	1,907.02	1,907.02	0.00
Contractual FTEs	<u>459.21</u>	<u>553.71</u>	<u>586.01</u>	<u>32.30</u>
Total Personnel	2,366.23	2,460.73	2,493.03	32.30

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	43.29	2.27%
Positions and Percentage Vacant as of 12/31/12	205.14	10.8%

- While the fiscal 2014 allowance does not provide any new regular positions, it does include 32.3 new contractual full-time equivalents that are related to the University System of Maryland's initiatives and include instructional faculty; student support staff in the areas of counseling, advising, and learning resources; and a technology transfer professional.
- The high vacancy rate of 10.8% is due to a continuing hiring freeze and a relatively high number of vacancies in non-State-supported positions, most of which are related to a loss of a federal contract.

Analysis in Brief

Major Trends

Second- and Third-year Retention Rates: The second- and third-year retention rates reached their highest level of 86.8% and 75.7%, respectively, with the 2007 cohort. However, the second-year rate has since declined 4 percentage points to 82.8% for the 2010 cohort.

Four- and Six-year Graduation Rates: In general, the University of Maryland Baltimore County's (UMBC) graduation rates fall between the averages of the State and its peers. After reaching a high point of 35% in fiscal 2007, the four-year rate has declined to 33% in fiscal 2010, while that of its peers continues to increase during this time period.

Undergraduate Degree Production: UMBC's degree production has fluctuated over the past seven years, spiking to a high point of 21.2 degrees in fiscal 2007, but it has subsequently declined falling below the average of its peers and the State.

Education and Related Expenditure Per Degree: In fiscal 2007, expenditures per degree dropped \$5,219 but have since increased to \$63,384 per degree in fiscal 2009, surpassing that of UMBC's peers.

Issues

Affordability: While 31.0% of undergraduate students receive Pell awards, need-based aid only comprises 10.7% of institutional aid expenditures in fiscal 2012. The portion of institutional aid awards going to Pell-eligible students increased from 19.4% in fiscal 2007 to 21.3% in fiscal 2012, and those in the unknown category (students who did not file a Free Application for Federal Student Aid) received 43.9% of awards.

STEM Transfer Student Success Initiative: In November 2012, UMBC received a \$2.6 million grant to work with the four community colleges from which it receives the majority of its transfer students to build a national model for ensuring more transfer students earn degrees in science, technology, engineering, and mathematics (STEM) areas.

iCubed: UMBC received a grant to design a program to increase the retention and graduation of undergraduate STEM students by examining the effectiveness of four different academic support initiatives to determine which ones are both successful and cost effective for scaling up to benefit a larger number of students.

Audit Findings: In May 2012, the Office of Legislative Audits released an audit which contained eight findings. The repeat finding related to inadequate monitoring of corporate purchasing card purchases which resulted in two employees being referred to the Office of the Attorney General – Criminal Division for further investigation.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

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Operating Budget Analysis

Program Description

The University of Maryland Baltimore County (UMBC) is a mid-size public research and doctoral university offering undergraduate, master's, and doctoral programs in the arts and sciences and engineering. It is an honors university, providing academically talented undergraduate students a strong foundation, preparing them for graduate and professional study, entry into the workforce, community service, and leadership. At the graduate level, emphasis is placed on science, engineering, information technology, human services, and public policy.

While a majority of students are from the Baltimore region, an increasing number are coming from other areas of Maryland, other states, and foreign countries. UMBC pays special attention to the needs of nontraditional, evening, and part-time students. Well-qualified students are recruited through special scholarship initiatives, such as the Humanities Scholarship Program and the Meyerhoff Scholarship Program for talented high school graduates interested in science and engineering.

UMBC contributes to the economic development of the State and region through the transference of faculty research to the public and industry through the research park, business incubator, and technology transfer program. UMBC also provides workforce training, K-12 partnerships, and technology commercialization with public agencies and the corporate community.

Carnegie Classification: RU/H Research Universities (high research activity)

Fall 2012 Undergraduate Enrollment Headcount

Male	6,004
Female	4,949
Total	10,953
(311 at Shady Grove)	

Fall 2012 Graduate Enrollment Headcount

Male	1,351
Female	1,333
Total	2,684
(64 at Shady Grove)	

Fall 2012 New Students Headcount

First-time	1,560
Transfers/Others	1,357
Graduate	830
Total	3,747

Campus (Main Campus)

Acres	512
Buildings	74
Average Age	29 years
Oldest	Surge Facility #3 – 1920

Programs

Bachelor's	52
Master's	39
Doctoral	24

Degrees Awarded (2011-2012)

Bachelor's	2,140
Master's	605
Doctoral	72
Total Degrees	2,817

Proposed Fiscal 2014 In-state Tuition and Fees*

Undergraduate Tuition	\$7,298
Mandatory Fees	\$2,787

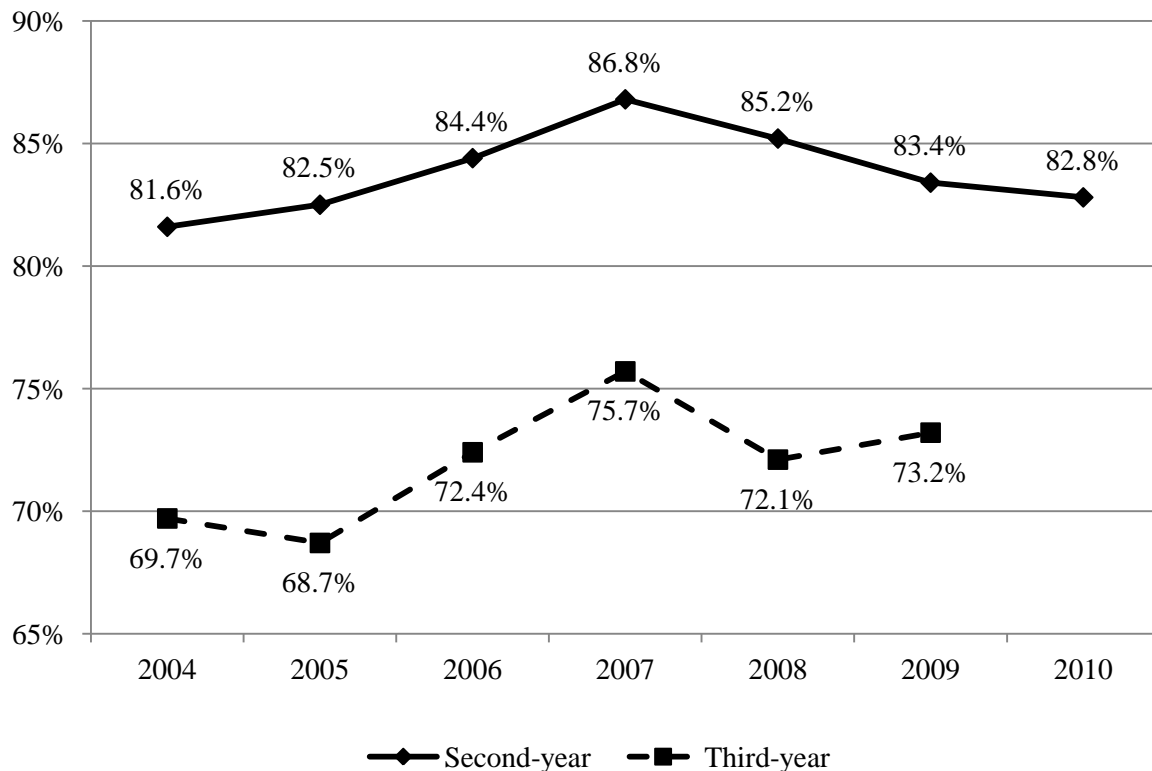
*Contingent on Board of Regents approval.

Performance Measures

1. Second- and Third-year Retention Rates

Student persistence, or retention, provides a measure of student progress and an indication of an institution's performance; the higher the retention rate, the more likely students will persist and graduate. The second- and third-year rates reached the highest level since the 1990 cohort at 86.8 and 75.7%, respectively, with the 2007 cohort, as shown in **Exhibit 1**. However, the second-year rate has since declined 4.0 percentage points to 82.8% for the 2010 cohort. In general, the third-year retention rate mirrors that of the second-year rate, but this is not the case with the 2009 cohort in which the rate increased 1.1 percentage points to 73.2%.

Exhibit 1
Second- and Third-year Retention Rates
2004-2010 Cohorts

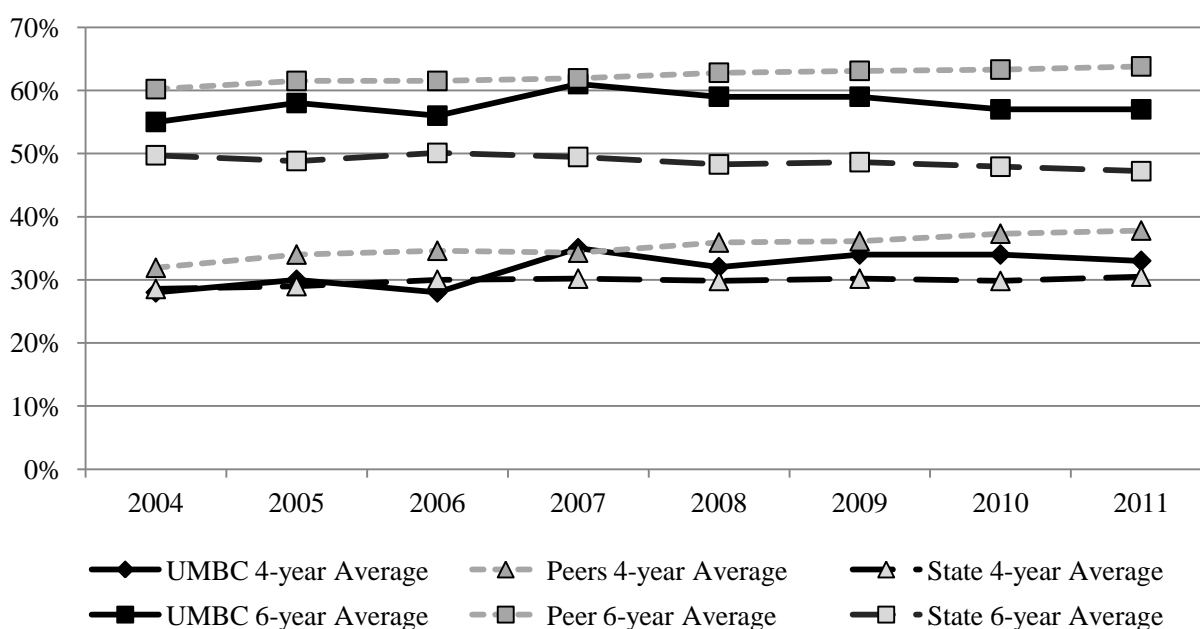


Source: Maryland Higher Education Commission

2. Four- and Six-year Graduation Rates

Exhibit 2 compares the four- and six-year graduation rates of UMBC to the average of its peer institutions and the State's public four-year institutions. Peer institutions are those used to benchmark UMBC's performance in the University System of Maryland's (USM) *2012 Dashboard Indicators*. Overall, UMBC's graduation rates fall between the averages of the State and its peers. The four- and six-year rates peaked in fiscal 2007 at 35 and 61%, respectively. Subsequently, the four-year rate dropped to 33% while the six-year rate declined to 57% in fiscal 2011. While UMBC's four-year rate in fiscal 2011 is slightly below that of its peers at 37.3%, it exceeds the State average by 2.5 percentage points. In fiscal 2007, the six-year rate matched that of its peers; however, while that of its peers increased 1.4 percentage points, UMBC's rate declined 4.0 percentage points.

Exhibit 2
Four- and Six-year Graduation Rates
Fiscal 2004-2011



UMBC: University of Maryland Baltimore County

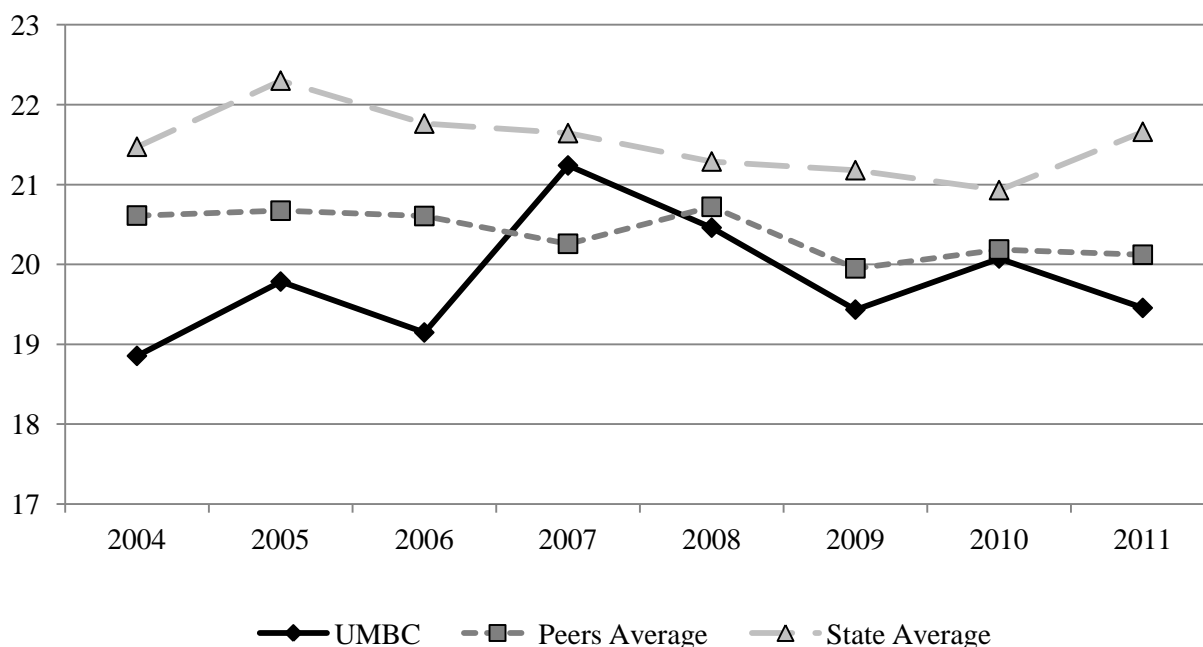
Note: Rates reflect the progress of the cohort of first-time, full-time degree seeking students and does not include transfers in or out of the institution.

Source: Integrated Postsecondary Education System; Department of Legislative Services

3. Undergraduate Degree Production

Ultimately, how well an institution meets its mission is measured by the number of undergraduate degrees awarded. Trends in the number of undergraduate degrees awarded per 100 undergraduate full-time equivalent students shows if an institution is being more or less productive in graduating students. Overall, UMBC's degree production falls below the State average, as shown in **Exhibit 3**. While UMBC's degree production has fluctuated over the past seven years, spiking to a high of 21.2 degrees per 100 students in fiscal 2007, it has subsequently declined, falling below the average of its peers and the State. The trends in degree production correspond with the previously discussed graduation rates, with UMBC exceeding its peers in fiscal 2007 only. While degree production has not reach the level attained in fiscal 2007, it is still higher than in years prior to 2007.

Exhibit 3
Undergraduate Degrees Per 100 Full-time Equivalent Students
Fiscal 2004-2011



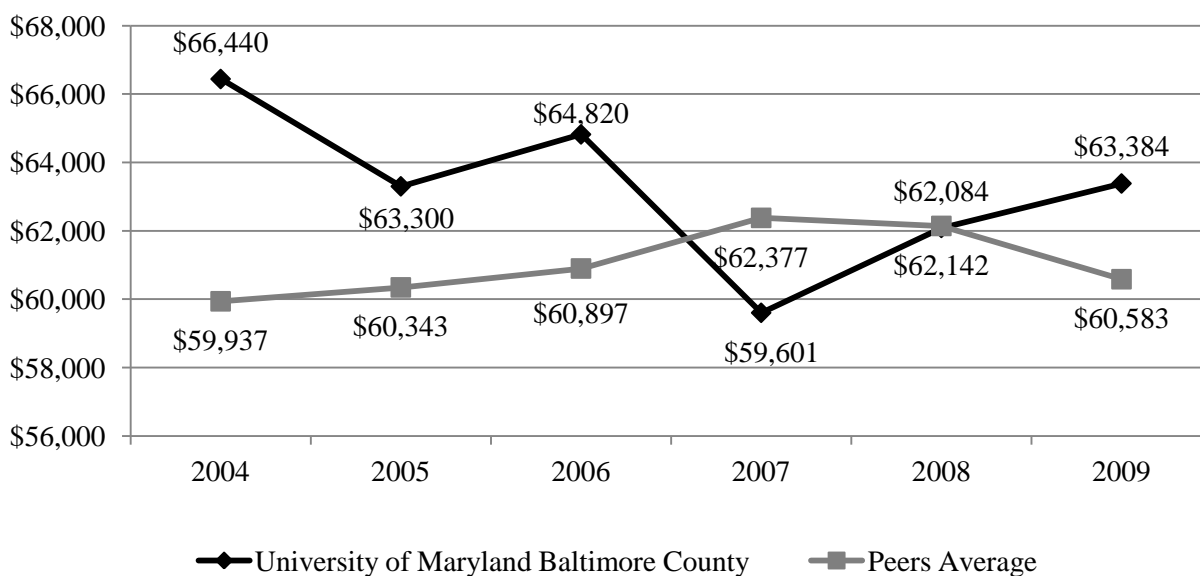
UMBC: University of Maryland Baltimore County

Source: Integrated Postsecondary Education Data System; Department of Legislative Services

4. Education and Related Expenditure Per Degree

Education and related (E&R) expenditures per degree is another means to measure the performance of an institution. This measure shows if an institution is becoming more or less productive in using its resources to produce degrees over time. As with the previous measures, UMBC's measures tend to spike or fluctuate over the years, as shown in **Exhibit 4**. UMBC's expenditures per degree dropped \$5,219 to a low of \$59,601 in fiscal 2007 which is not surprising given the high graduation rate and number of degrees awarded that year. As expected, the cost per degree has since increased to \$63,384 in fiscal 2009 surpassing that of UMBC's peers by \$2,801.

Exhibit 4
Educational and Related Expenditures Per Degree Completed
Academic Year 2004-2009



Note: Education and related expenditures include direct spending on instruction and student services and the education share of spending on academic and institutional support, and operations and maintenance. All dollar amounts are reported in 2009 dollars.

Source: Delta Project, Trends in College Spending Online

As shown in the performance measures, student performance and outcomes peaked in fiscal 2007 and have since declined. Additionally, according to the Complete College America data, it took a student in the 2008-2009 academic year, on average, of 4.63 years to graduate. The President should comment on the factors leading to the increase in performance in 2007 and why this level had not been maintained in the subsequent years.

Proposed Budget

The general fund allowance for fiscal 2014 is 10.2%, or \$9.0 million, higher than in fiscal 2013 after adjusting for the across-the-board reduction of \$0.1 million, as shown in **Exhibit 5**. When accounting for the \$4.6 million in Budget Restoration Funds created during the 2012 special session, the general fund increases 4.7%, or \$4.3 million. The Higher Education Investment Fund (HEIF) increases \$2.7 million, or 64.9%, in the fiscal 2014 allowance resulting in an overall growth in State funds of 7.3%, or \$7.0 million. Other unrestricted funds increase \$4.6 million primarily due to tuition and fee revenues growing 3.3%, or \$3.4 million, which is related to a projected 1.9% increase in enrollment.

Exhibit 5
Governor's Proposed Budget
University of Maryland Baltimore County
(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Adjusted</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$90,665	\$87,897	\$96,861	\$8,964	10.2%
Higher Education Investment Fund	\$4,904	\$4,153	\$6,847	\$2,695	64.9%
Budget Restoration Fund	0	4,646	0	-4,646	-100.0%
Total State Funds	95,570	96,696	103,708	7,012	7.3%
Other Unrestricted Funds	171,726	186,746	191,298	4,552	2.4%
Total Unrestricted Funds	267,295	283,442	295,007	11,564	4.1%
Restricted Funds	79,888	86,861	87,271	410	0.5%
Total Funds	\$347,183	\$370,303	\$382,277	\$11,974	3.2%

Note: Fiscal 2014 general funds are adjusted by \$0.1 million to reflect across-the-board reductions. Numbers may not sum to total due to rounding.

Source: Governor's Budget Books, Fiscal 2014; Department of Legislative Services

The fiscal 2014 allowance provides an additional \$3.7 million, excluding auxiliary enterprises, in current unrestricted funds for expenses related to current services costs and for program enhancements. Additionally, \$1.0 million will be transferred from the fund balance to help fund program initiatives which is part of the overall \$10.0 million in the fund balance transfer USM is contributing to fund the initiatives. Overall, UMBC plans to transfer \$2.5 million to the fund balance with auxiliary revenues comprising the majority of funds. Personnel expenditures, which include the annualization of the fiscal 2013 cost-of-living adjustment (COLA) and the merit increase rise

\$4.9 million. Other expenditure increases include facilities renewal (\$1.4 million); fuel and utilities (\$0.7 million); financial aid (\$0.7 million); and debt service (\$0.3 million).

The allowance also includes \$3.3 million to fund various program initiatives including:

- \$1.7 million for closing the achievement gap and completion, with focus on transfer students; expanding the science, technology, engineering, and mathematics (STEM) Transfer Student Success Initiative and existing support programs for transfer students; hiring faculty and staff in order to develop and expand services and supports to increase retention and completion; and increasing financial aid;
- \$0.8 million for the STEM, health, and workforce initiative to redesign foundational STEM courses and hire STEM faculty and staff;
- \$0.6 million for academic transformation to redesign general education courses, renovate academic facilities to support the use of instructional technology, and hire staff in critical areas that have not kept pace with growth in enrollment and research; and
- \$0.2 million for MPowering and technology transfer to increase funding for the commercialization of intellectual property and to hire a site miner.

The President should comment on UMBC’s involvement with MPowering, the formal alliance between the University of Maryland, Baltimore and the University of Maryland, College Park, and with the Maryland Innovation Initiative, in particular, the plans to hire a site miner.

Budget changes by program area in the allowance are shown in **Exhibit 6**. This data includes unrestricted funds only, the majority of which consist of general funds, HEIF, and tuition and fee revenues. In fiscal 2012, \$14.6 million was transferred to the fund balance. These funds came from a variety of revenues sources but primarily were from auxiliary enterprises, which include dining and residence halls. UMBC is building up its fund balance in anticipation of future renovations and facilities renewal projects. In fiscal 2013, expenditures in program areas increase due to the COLA and a rise in fringe benefits. Expenditures in operations and maintenance of plant increase \$4.6 million due to \$2.1 million in utility costs, \$1.0 million in debt service payments, and \$1.5 million in facilities renewal funds of which a majority was carried forwarded from the prior year to complete larger projects. Auxiliary expenditures grow \$7.1 million due to \$3.6 million related to the final payment of rent for two residence halls, \$2.0 million for facilities renewal for major renovations of older residence halls, and \$1.0 million in capital equipment.

In fiscal 2014, expenditures in program areas increase due to a rise in personnel costs relating to the annualization of the fiscal 2013 COLA, merit, and fringe benefits. Spending increases of \$4.5 million in instruction are related to costs associated with programmatic initiatives, including STEM, completion, and academic transformation. Operation and maintenance of plant expenditures grow \$3.0 million due to increases in facility renewal for major renovations and utilities.

Exhibit 6
UMBC Budget Changes for Unrestricted Funds by Program
Fiscal 2012-2014
(\$ in Thousands)

	<u>2012 Actual</u>	<u>2013 Working</u>	<u>2012-13 % Change</u>	<u>2014 Adjusted</u>	<u>2013-14 Change</u>	<u>2013-14 % Change</u>
Expenditures						
Instruction	\$93,655	\$96,271	2.8%	\$100,767	\$4,496	4.7%
Research	14,798	14,271	-3.6%	14,710	439	3.1%
Public Service	3,031	3,232	6.6%	3,625	393	12.2%
Academic Support	19,054	19,180	0.7%	19,429	248	1.3%
Student Services	13,101	13,402	2.3%	14,113	711	5.3%
Institutional Support	32,795	33,955	3.5%	34,068	114	0.3%
Operation and Maintenance of Plant	23,566	28,175	19.6%	31,159	2,984	10.6%
Scholarships and Fellowships	19,057	19,614	2.9%	21,165	1,551	7.9%
Education and General Total	\$219,059	\$228,100	4.1%	\$239,036	\$10,936	4.8%
Auxiliary Enterprises	48,236	55,342	14.7%	55,971	628	1.1%
Grand Total	\$267,295	\$283,442	6.0%	\$295,007	\$11,564	4.1%
Revenues						
Tuition and Fees	\$104,538	\$105,521	0.9%	\$108,963	\$3,442	3.3%
General Funds	90,665	87,897	-3.1%	96,861	8,964	10.2%
Higher Education Investment Funds	4,904	4,153	-15.3%	6,847	2,695	64.9%
Budget Restoration Fund		4,646		0	-4,646	
Other Unrestricted Funds	21,051	23,804	13.1%	24,525	721	3.0%
Subtotal	\$221,159	\$226,021	2.2%	\$237,197	\$11,175	4.9%
Auxiliary Enterprises	60,772	59,397	-2.3%	60,295	898	1.5%
Transfer (to)/from Fund Balance	-14,635	-1,976		-2,485		
Grand Total	\$267,295	\$283,442	6.0%	\$295,007	\$11,564	4.1%

UMBC: University of Maryland Baltimore County

Note: Fiscal 2014 general funds are adjusted by \$0.1 million to reflect a decrease in general funds to reflect across the board reduction.

Source: Governor's Budget Books, Fiscal 2014.

Issues

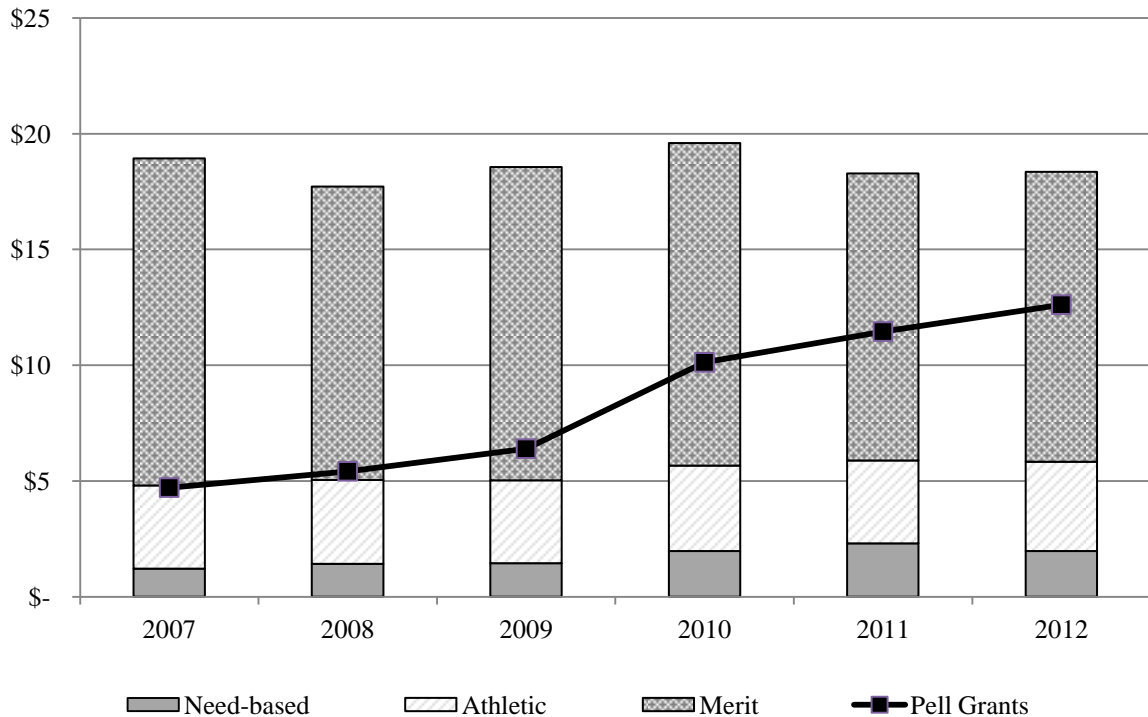
1. Affordability

Financial aid is an important component to helping many students succeed in earning a degree. Lack of financial support frequently contributes to a student's decision to stop or drop out of college. Generally, by combining various types of aid – federal, State, and institutional – students are able to effectively lower the cost of college. According to the National Center for Education Statistics' *College Navigator*, the total cost for a Maryland student attending UMBC in fiscal 2011 was \$22,651 (based on tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board). However, when accounting for the average amount of federal, State, and institutional aid, the average net cost of attendance was \$13,639, a 39.8% reduction in the total cost of attendance.

Institutional Aid

Thirty-one percent of UMBC's undergraduate students receive Pell awards which are given to those that could not otherwise afford college and have an Expected Family Contribution (EFC) of less than a specified amount, which was \$5,273 in 2012. EFC is an indicator of the amount a family is required to contribute to pay for a student's college education; therefore, the lower the EFC, the greater the financial need. The effects of the economic recession impacted students in fiscal 2010 as evident by the \$3.7 million jump in Pell awards, as shown in **Exhibit 7**. Also, at this time, there was a slight shift in institutional aid with need-based aid expenditures increasing \$0.5 million. Despite this, need-based aid only comprised 10.1% of institutional aid while merit accounted for 71.1%. Meanwhile, the average amount spent on athletic scholarships is more than double that spent on need-based aid, \$3.6 million compared to \$1.7 million. In fiscal 2012, total expenditures slightly increased \$76,354, and while the amount spent on merit and athletic scholarships increased, that spent on need-based aid declined \$0.3 million.

Exhibit 7
Total Institutional Aid and Pell Grant Expenditures
Fiscal 2007-2012
(\$ in Millions)

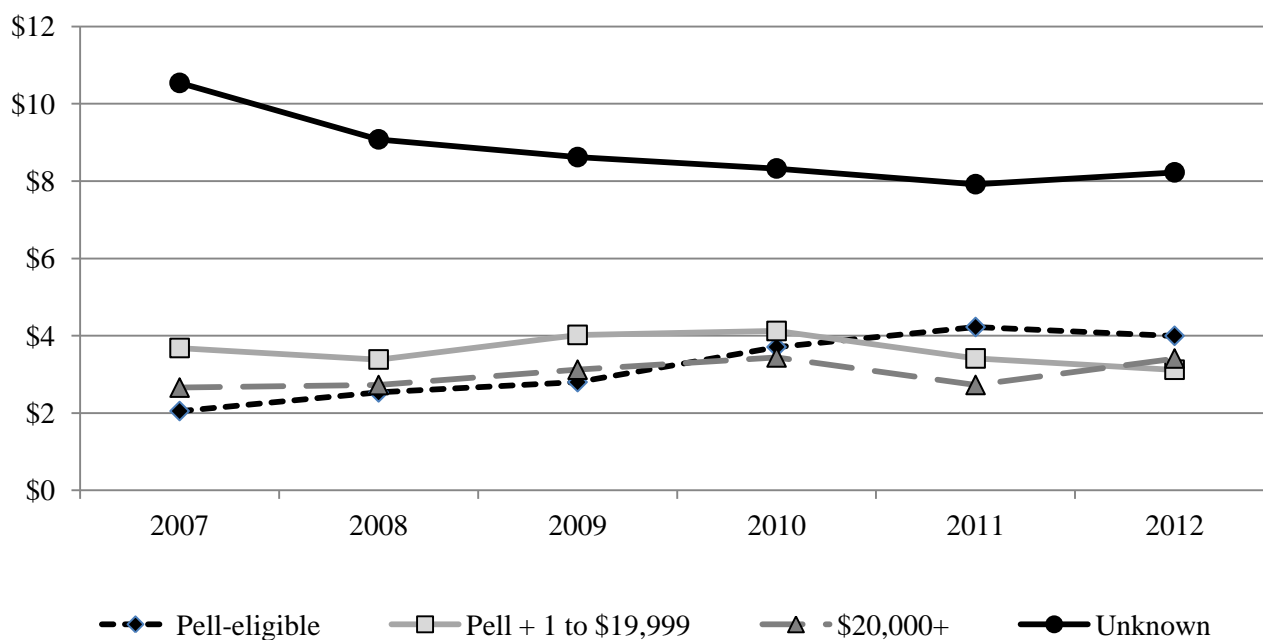


Source: University System of Maryland

Although a relatively modest amount of institutional aid is classified as need-based aid, since fiscal 2007, more Pell-eligible students have received awards. There has been a corresponding decrease in awards going to those in the unknown category (students who did not file a Free Application for Federal Student Aid (FAFSA)), as shown in **Exhibit 8**. In fiscal 2012, 43.9% of awards went to those in the unknown category compared to 55.7% in fiscal 2007. During the same time period, the portion of awards going to Pell-eligible students increased from 19.4 to 21.3%.

The President should comment on the relatively modest amount of institutional aid going to need-based aid, the decline in expenditures on need-based aid in fiscal 2012, and on the proportion of institutional aid going to those students in the unknown category.

Exhibit 8
Total Expenditures on Institutional Aid by Expected Family Contribution
Fiscal 2007-2012
(\$ in Millions)



Source: University System of Maryland

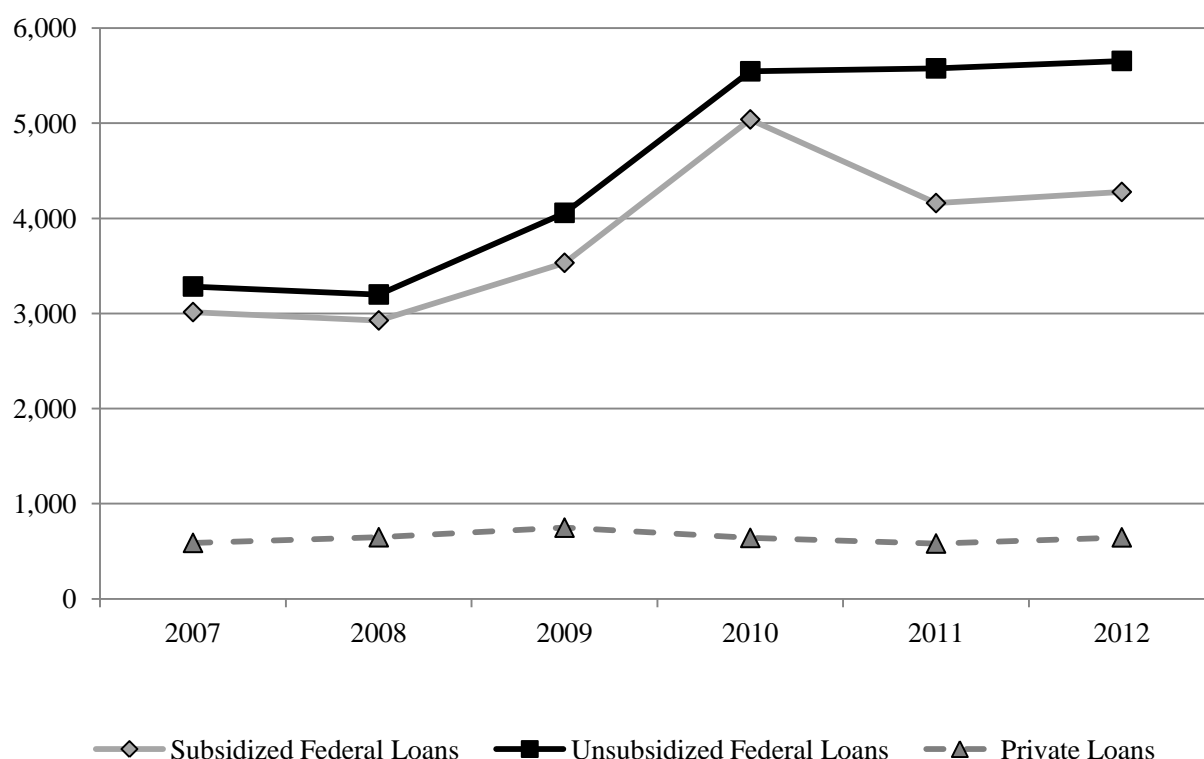
Financial Aid Does Not Cover All Costs

In addition to financial aid, students may take out loans to pay for their education. There are three types of loans:

- federal subsidized that are based on financial need in which the government pays the interest while the student is enrolled in school;
- federal unsubsidized are generally for those who do not demonstrate financial need in which the interest is added to the balance of the loan while the student is enrolled in school; and
- private sources.

The number of federal unsubsidized and subsidized loans increased 72.8% between fiscal 2008 and 2010, as illustrated in **Exhibit 9**. The number of subsidized loans steadily rose since fiscal 2008, peaking in fiscal 2010 with 2,113 more loans being taken out by students. The increase can be attributed to the elimination of the Federal Family Educational Loan program in 2009, coupled with borrowers no longer being able to consolidate multiple federal loans into one loan.

Exhibit 9
Total Loans
Fiscal 2007-2012

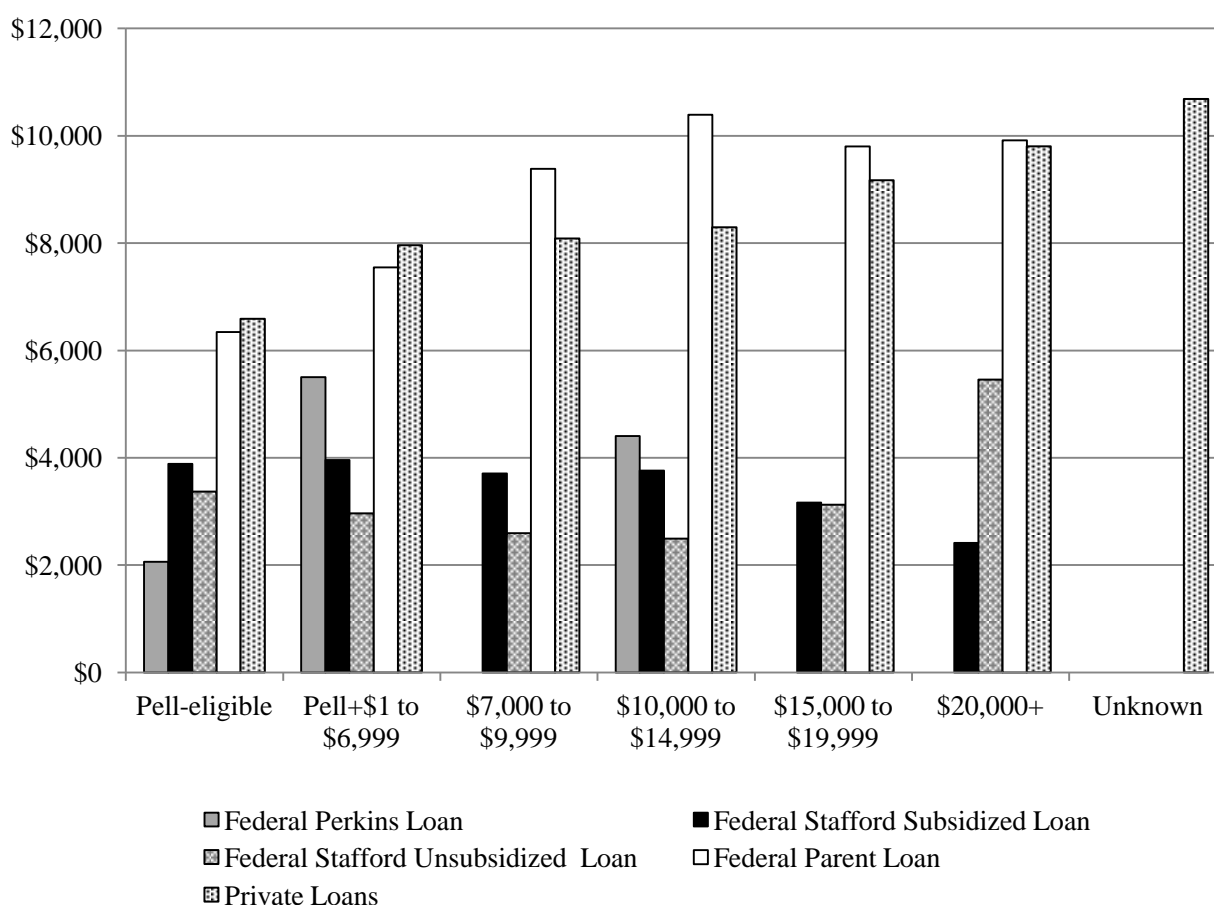


Source: University System of Maryland

The number of federal unsubsidized loans increased 73.3% from fiscal 2008 to 2010 due to Stafford loans increasing 110.0% which can be attributed to a change in the federal loan limits. In fiscal 2008, the annual loan limit for dependent undergraduate students increased \$2,000 and by an additional \$1,000 for independent students. Additionally, this trend may indicate, with the economic downturn and slow recovery, that families with higher incomes are filing a FAFSA to receive unsubsidized federal loans rather than take out a typically more expensive private loan.

While the students with the greatest financial need typically receive Pell awards and institutional aid, it is still not enough to cover the costs of college. As shown in **Exhibit 10**, students in all EFC categories take out various types of loans to finance their education. In fiscal 2012, of the 3,209 Pell-eligible students, 2,567 used the federal Stafford subsidized loan to finance their education with loans averaging \$3,887, and 2,372 took out the federal Stafford unsubsidized loans with an average loan of \$3,367. Overall, general, federal parent loans and private loans progressively increase at higher EFC categories. Parents of those students with an EFC of \$10,000 to \$14,999 took out the highest federal parent loan averaging \$10,390, while those in the unknown (those who did not file a FAFSA) category took out the highest average private loan of \$10,685.

Exhibit 10
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2012



Source: University System of Maryland

2. STEM Transfer Student Success Initiative

In June 2011, UMBC received a \$0.4 million grant from the Bill and Melinda Gates Foundation to support the planning of the STEM Transfer Student Success Initiative and in November 2012, received a \$2.6 million, three-year grant from the foundation to implement this initiative. UMBC is working with the four community colleges from which it receives the majority of its transfer students: Anne Arundel Community College, Community College of Baltimore County, Howard Community College, and Montgomery College to build a national model for ensuring more transfer students earn degrees in STEM areas.

Under this initiative UMBC and its community college partners will:

- better align STEM curricula, thereby reducing credit “leakage” and the need for students to retake courses;
- improve academic and career advising through increased use of online tools;
- create programs such as peer mentoring and transfer seminars, to better support students during the transition from a two-year to a four-year college; and
- develop a “Transfer STEM Scholar Pathway” that lays out a clear program of study from the community college to university to graduation.

The President should comment on the status of the programs being created under this initiative. Given that part of the initiative is to better align curricula, the President should also discuss if the articulation agreements are working as intended so that credits earned at the community college transfer in full.

3. iCubed

iCubed (Evaluation, Integration and Institutionalization of Initiative to Enhance STEM Student Success) is one of 31 projects funded by the National Science Foundation’s Innovation Through Institutional Integration endeavor. UMBC received \$1.2 million in 2010 for this five-year project that is designed to increase the retention and graduation of undergraduate STEM students. The program examines the effectiveness of four different academic support initiatives to determine which ones are both successful and cost effective for scaling up to benefit a larger number of students.

iCubed is open to first year students pursuing STEM majors. Students sign up to participate in the program and are chosen based on intent to declare a STEM major and placement in MATH 106 (algebra) or higher. Selected students also cannot be participating in certain scholarship programs in which students receive other structured support such as Meyerhoff, Linehan Artist, or the Sondheim Public Affairs Scholars Program.

Students in the program participate in one of five academic support initiatives:

- **Community-based Study Groups** – students receive special support and encouragement to form, join, and sustain study groups. A coordinator sponsors events throughout the year to help students identify other study group members and form study groups, finds study spaces, and helps the group with any issues that may arise during the year.
- **Direct Mentoring from Professors in Their Majors** – faculty mentors hold group mentoring sessions providing students with strategies for success in their major. The student's academic progress is monitored, and they are encouraged to schedule one-on-one sessions with their mentor.
- **Staff Proactive Mentoring** – students receive support from an advisor in life sciences, who like the faculty mentor, holds sessions throughout the year to provide students a variety of strategies for academic success; their progress is monitored and students are encouraged to schedule one-on-one sessions with the staff mentor.
- **Enrollment in a Special Active Learning Math Course** – students take one discussion section in the College of Natural and Mathematical Sciences Active Science Teaching and Learning Environment as part of their math course. These sections challenge students to take an active role in practicing and mastering course content.
- **Treatment as Usual** – students receive a \$50 gift card to the UMBC bookstore and have the opportunity to access existing programs.

The program was implemented for the 2011-2012 academic year with 309 participants and 520 students are participating in the second cohort. The National Science Foundation approved the funds to support a third cohort in the 2013-2014 academic year ensuring there is enough participation to be able to draw conclusions regarding which interventions have the greatest impact at the lowest cost.

The President should comment on the preliminary findings of the project and which interventions show the most promise to increase student success in STEM programs and would be the most cost effective to scaling up.

4. Audit Findings

In May 2012, the Office of Legislative Audits (OLA) released an audit for UMBC which contained eight findings, one of which was a repeat finding. Overall, six findings related to a lack of internal controls and recordkeeping deficiencies in the areas of payroll, corporate purchasing cards, grant receivables, and revolving fund accounts. Two findings related to the lack of proper controls in the area of student accounts receivables and ensuring all students were charged the applicable tuition and fee.

The repeat finding related to a lack of controls over the corporate purchasing card, including that purchases were not thoroughly reviewed by a supervisor. During OLA's review, it was found that for two employees the monthly cardholder activity logs did not include all purchases, and purchases were not always supported by a bank statement or vendor invoice even though a supervisor approved the related activity. Once this was brought to UMBC's attention, a number of additional questionable purchases by both employees were identified, resulting in UMBC referring this to the Office of the Attorney General – Criminal Division for further investigation. Subsequently, these employees either resigned or have been terminated.

The President should comment on the status on resolving the findings from the audit.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

Current and Prior Year Budgets

Current and Prior Year Budgets University of Maryland Baltimore County (\$ in Thousands)

				Other	Total		
	General	Special	Federal	Unrestricted	Unrestricted	Restricted	
Fiscal 2011	Fund	Fund	Fund	Fund	Fund	Fund	Total
Legislative							
Appropriation	\$85,776	\$0	\$0	\$171,011	\$256,788	\$88,582	\$345,370
Deficiency							
Appropriation	0	0	0	0	0	0	0
Budget							
Amendments	5,193	3,530	0	988	9,712	10,389	20,100
Reversions and							
Cancellations	0	0	0	-6,193	-6,193	-4,099	-10,292
Actual							
Expenditures	\$90,970	\$3,530	\$0	\$165,806	\$260,306	\$94,872	\$355,178
Fiscal 2012							
Legislative							
Appropriation	\$89,622	\$4,904	\$0	\$176,343	\$270,869	\$93,610	\$364,479
Deficiency							
Appropriation	0	0	0	0	0	0	0
Budget							
Amendments	1,043	0	0	-723	320	-9,439	-9,119
Reversions and							
Cancellations	0	0	0	-3,894	-3,894	-4,283	-8,177
Actual							
Expenditures	\$90,665	\$4,904	\$0	\$171,726	\$267,295	\$79,888	\$347,183
Fiscal 2013							
Legislative							
Appropriation	\$87,870	\$7,713	\$0	\$181,842	\$277,425	\$85,502	\$362,927
Budget							
Amendments	28	1,086	0	4,904	6,018	1,359	7,376
Working							
Appropriation	\$87,897	\$8,799	\$0	\$186,746	\$283,442	\$86,861	\$370,303

Note: Numbers may not sum to total due to rounding.

Fiscal 2011

For fiscal 2011, general funds for UMBC increased \$5.2 million through a budget amendment related to the reorganization of the University of Maryland Biotechnology Institute (UMBI). Special funds, comprised of the HEIF, increased \$3.5 million through a budget amendment as authorized in the fiscal 2011 budget bill. Other unrestricted funds increased by a total of \$1.1 million through a budget amendment. Increases included:

- \$2.1 million from tuition and fee revenues due to higher than expected enrollment;
- \$1.1 million from indirect cost recovery; and
- \$0.8 million less being transferred to the fund balance.

Decreases include \$2.0 million in the sales and services of educational activities and \$1.0 million in auxiliary and miscellaneous revenue.

Cancellations of \$6.2 million in unrestricted funds is mainly due to maintaining the existing vacancy level, resulting in salary savings and a reduction in debt service payments and contract services for the tech center.

Restricted funds increased \$10.4 million through budget amendments and funds related to UMBI reorganization which included:

- \$4.2 million in federal, State, and private grants and contracts;
- \$3.6 million in Pell grant awards; and
- \$2.5 million in private grants and contracts.

Cancellations of restricted funds totaled \$4.1 million primarily due to the nonrenewal of the NASA Goddard Earth Sciences Technology cooperative agreement.

Fiscal 2012

For fiscal 2012, general funds for UMBC increased \$1.0 million through a budget amendment related to the \$750 employee bonus. Other unrestricted funds declined by \$0.7 million through a budget amendment. Decreases include:

- \$2.3 million in federal indirect cost recovery;
- \$0.3 million in miscellaneous revenue; and
- \$0.1 million related to an increase in the amount being transferred to fund balance.

These decreases were partially offset by an increase of \$2.0 million in tuition, fees, and auxiliary revenues due higher than expected enrollment.

Cancellations of unrestricted funds amounted to \$3.9 million due to the early payoff of the Erickson Hall public/private partnership financing arrangement at the end of fiscal 2011 after finalization of the fiscal 2012 budget.

Restricted funds decreased \$9.4 million through budget amendments, mainly due to a \$10.9 million decline in federal contracts and grants related to the loss of the NASA Goddard Earth Science Technology contract. This decline was partially offset with increases of \$1.0 million increase in Pell grant awards and \$0.5 million in federal contracts and grants activity.

Cancellations of restricted funds totaled \$4.3 million, of which \$2.0 million was related to an earlier than expected end of a National Institute of Standards and Technology award, an anticipated \$1.2 million of continuing funding from a National Science Foundation award that did not come through, and \$1.1 million related to lower than expenditures grants and contracts.

Fiscal 2013

For fiscal 2013, general funds increase by \$27,540 to reflect the final transfer of funds from the University of Maryland, College Park under the reorganization of UMBI. The special fund appropriation, which includes \$3.6 million in Budget Restoration Funds created during the First Special Session in 2012, increases \$1.1 million through a budget amendment related to a half year 2% COLA. Other unrestricted funds increase \$4.9 million by budget amendment:

- \$2.8 million in tuition and fee revenues due to higher than expected enrollment;
- \$2.0 million related to transferring less than anticipated to the fund balance to be used for resident hall renovations;
- \$0.8 million in auxiliary enterprise revenue; and
- \$0.4 million in miscellaneous revenues.

These increases were partially offset by decreases of \$1.0 million that include \$0.4 million in the sales and services of educational activities and \$0.3 million in indirect cost recovery revenue.

Restricted funds increase \$1.4 million mainly due to \$3.9 million in State and local grants and contracts to realign the budget with actual activity and \$1.2 million in federal scholarships and fellowships attributable to enrollment growth. However, there is a decrease of \$3.7 million in private gifts and grants to realign with revenues with current projections.

**UMBC Full-time Equivalent Personnel by Budget Program
Fiscal 2006, 2012, and 2013**

	2006		2012		2013		2006-2013
	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>Change of Share</u>
Instruction	675.1	40.5%	702.5	40.7%	701.4	41.4%	0.9%
Research	192.4	11.5%	213.0	12.3%	178.4	10.5%	-1.0%
Public Service	81.7	4.9%	80.9	4.7%	80.1	4.7%	-0.2%
Academic Support	154.6	9.3%	135.1	7.8%	136.0	8.0%	-1.2%
Student Services	100.0	6.0%	123.0	7.1%	120.1	7.1%	1.1%
Institutional Support	231.7	13.9%	254.1	14.7%	256.5	15.2%	1.3%
Operations, Maintenance of Plant	83.4	5.0%	78.0	4.5%	79.6	4.7%	-0.3%
Auxiliary Enterprises	147.6	8.9%	140.1	8.1%	140.3	8.3%	-0.6%
Total	1,666.4		1,726.7		1,692.4		

FTE: full-time equivalent

Notes: Data are for filled regular positions only. All data are self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: University of Maryland Baltimore County

Audit Findings

Audit Period for Last Audit:	October 1, 2008 – June 30, 2011
Issue Date:	May 2012
Number of Findings:	8
Number of Repeat Findings:	1
% of Repeat Findings:	12.5%
Rating: (if applicable)	n/a

- Finding 1:** Lack of internal controls to ensure that tuition and fees were charged to all registered students.
- Finding 2:** Lack of internal controls over the processing of non-cash credit adjustments made to student accounts.
- Finding 3:** Lack of internal controls over the automated human resource and payroll system.
- Finding 4:** UMBC did not investigate employees appearing simultaneously on multiple State payrolls to ensure the propriety of the payroll payment for simultaneous periods worked.
- Finding 5:** UMBC did not ensure faculty members submitted required work summary reports in support of authorized sabbatical leave in a timely manner.
- Finding 6:** **UMBC did not adequately monitor corporate purchasing card purchases and did not always comply with related policies and procedures.**
- Finding 7:** UMBC did not adequately pursue the collection of outstanding grant reimbursement requests and delinquent accounts were not transferred to the Department of Budget and Management's Central Collection Unit, as required.
- Finding 8:** UMBC did not establish written plans to eliminate deficit balances in revolving fund accounts.

*Bold denotes item repeated in full or part from preceding audit report.

Object/Fund Difference Report
USM – University of Maryland Baltimore County

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,907.02	1,907.02	1,907.02	0.00	0%
02 Contractual	459.21	553.71	586.01	32.30	5.8%
Total Positions	2,366.23	2,460.73	2,493.03	32.30	1.3%
Objects					
01 Salaries and Wages	\$ 200,606,710	\$ 216,973,739	\$ 225,117,950	\$ 8,144,211	3.8%
02 Technical and Spec. Fees	797,762	427,507	427,507	0	0%
03 Communication	908,037	945,960	946,716	756	0.1%
04 Travel	4,482,246	4,076,380	4,076,380	0	0%
06 Fuel and Utilities	11,149,195	13,672,603	14,110,741	438,138	3.2%
07 Motor Vehicles	916,139	900,715	856,792	-43,923	-4.9%
08 Contractual Services	45,593,759	43,783,751	43,863,058	79,307	0.2%
09 Supplies and Materials	16,628,487	14,676,062	14,699,062	23,000	0.2%
11 Equipment – Additional	6,164,448	7,655,415	7,655,415	0	0%
12 Grants, Subsidies, and Contributions	43,913,919	43,418,468	44,967,721	1,549,253	3.6%
13 Fixed Charges	16,022,026	20,358,697	20,238,045	-120,652	-0.6%
14 Land and Structures	0	3,413,555	5,418,789	2,005,234	58.7%
Total Objects	\$ 347,182,728	\$ 370,302,852	\$ 382,378,176	\$ 12,075,324	3.3%
Funds					
40 Unrestricted Fund	\$ 267,295,185	\$ 283,442,165	\$ 295,107,586	\$ 11,665,421	4.1%
43 Restricted Fund	79,887,543	86,860,687	87,270,590	409,903	0.5%
Total Funds	\$ 347,182,728	\$ 370,302,852	\$ 382,378,176	\$ 12,075,324	3.3%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

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Appendix 4

Fiscal Summary
USM – University of Maryland Baltimore County

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 Instruction	\$ 97,139,203	\$ 96,707,524	\$ 101,257,713	\$ 4,550,189	4.7%
02 Research	55,174,079	63,589,555	64,438,463	848,908	1.3%
03 Public Service	16,937,840	20,545,821	20,939,024	393,203	1.9%
04 Academic Support	19,054,316	19,180,321	19,439,049	258,728	1.3%
05 Student Services	13,771,101	13,402,152	14,122,434	720,282	5.4%
06 Institutional Support	32,789,228	33,954,533	34,088,310	133,777	0.4%
07 Operation and Maintenance of Plant	23,566,438	28,174,662	31,165,722	2,991,060	10.6%
08 Auxiliary Enterprises	48,236,413	55,342,451	55,970,796	628,345	1.1%
17 Scholarships and Fellowships	40,514,110	39,405,833	40,956,665	1,550,832	3.9%
Total Expenditures	\$ 347,182,728	\$ 370,302,852	\$ 382,378,176	\$ 12,075,324	3.3%
Unrestricted Fund	\$ 267,295,185	\$ 283,442,165	\$ 295,107,586	\$ 11,665,421	4.1%
Restricted Fund	79,887,543	86,860,687	87,270,590	409,903	0.5%
Total Appropriations	\$ 347,182,728	\$ 370,302,852	\$ 382,378,176	\$ 12,075,324	3.3%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.